

VZCZCXYZ0003  
PP RUEHWEB

DE RUEHLP #1860/01 1862259  
ZNY CCCCC ZZH  
P 052259Z JUL 07  
FM AMEMBASSY LA PAZ  
TO RUEHC/SECSTATE WASHDC PRIORITY 4219  
INFO RUEHAC/AMEMBASSY ASUNCION 6906  
RUEHBO/AMEMBASSY BOGOTA 4252  
RUEHBR/AMEMBASSY BRASILIA 8136  
RUEHB/AMEMBASSY BUENOS AIRES 5388  
RUEHCV/AMEMBASSY CARACAS 2619  
RUEHPE/AMEMBASSY LIMA 2779  
RUEHMN/AMEMBASSY MONTEVIDEO 4709  
RUEHNE/AMEMBASSY NEW DELHI 0140  
RUEHQT/AMEMBASSY QUITO 5250  
RUEHSG/AMEMBASSY SANTIAGO 9851  
RUMIAAA/USCINCSO MIAMI FL  
RUEHUB/USINT HAVANA 0397  
RHEHNSC/NSC WASHINGTON DC  
RHMFSS/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L LA PAZ 001860

SIPDIS

SENSITIVE  
SIPDIS

E.O. 12958: DECL: 07/05/2017

TAGS: PGOV EMIN ECON BL

SUBJECT: HUANUNI MINERS DEMAND AUTONOMY AND HIGH-LEVEL  
ATTENTION

REF: LA PAZ 1840

-----  
Summary  
-----

¶1. (C) Huanuni's miners are blocking roads between La Paz, Oruro, Potosi, and Cochabamba (note: reports as of 1745 indicate that the police have broken the blockades using teargas.) Press coverage has been unsympathetic, focusing on the suffering of average Bolivians stranded in bus stations and on the roads. The miners submitted a list of 12 demands to the GOB, some of which have already been met, some which are under negotiation, and some which the GOB characterizes as "unacceptable and counterintuitive" or "absurd." This is the worst confrontation in Huanuni since violence between salaried and cooperative miners last year left 12 dead and 65 wounded. At a time when proposed changes to the mining code would require that all private mines sign joint venture agreements with the Bolivian Mining Corporation (COMIBOL), COMIBOL's inability to manage its largest operation is not encouraging. End Summary.

-----  
The Miners' Demands  
-----

¶2. (SBU) Not satisfied with the presence of Mining Minister Luis Alberto Echazu and Labor Minister Walter Delgadillo, the miners are demanding the presence of Vice President Garcia Linera, Defense Minister Walker San Miguel and Minister of Government Alfredo Rada. This pressure for high-level attention follows their submission of 12 formal demands to the GOB, the most important of which (excluding human resources and salary issues) are listed below with the GOB's current response:

a.) Decree 28901 (which took Huanuni from the cooperatives and made it a COMIBOL operation) should be made law. The GOB points out that the decree is now with the Senate and out of their hands.

b.) The GOB should have a monopoly on the marketing of tin

to avoid theft and illegal exports. The GOB answers that the National Service of Registration and Control of Minerals and Metals (Senarecom) was created to track production and sales of minerals to avoid illegal exportation. (Comment: Emboff recently met with an insider in the mining industry who claimed that Huanuni loses USD2.5 million per month due to theft and claimed that the workers themselves smuggle ore out of the mine, making up to USD60 per backpack of smuggled ore.)

c.) Huanuni should be autonomous and have administrative control without COMIBOL restrictions. The GOB calls this demand unacceptable and counterintuitive, stating that resources should be for the country as a whole.

d.) The GOB should build a new plant to process tin. The GOB answers that they are increasing the capacity of two already-existing plants.

e.) USD9.8 million should be invested to "reactivate" the deposit. The GOB says that COMIBOL has a policy for investing in Huanuni and has already invested USD3 million.

f.) The prefect of Oruro should be removed from his post for having failed to "pacify" Huanuni. The GOB characterizes this demand as "absurd" and politically motivated.

g.) COMIBOL regional manager Guillermo Dalence should be removed from his post. COMIBOL agreed to this demand "to contribute to a solution to the conflict." Dalence has been transferred to Santa Cruz to push for the exploitation of the Mutun iron reserve (according to the Bolivian information agency, the GOB is within days of signing a contract with India's Jindal to develop Mutun.)

-----  
Tensions High  
-----

¶3. (SBU) Two weeks ago the miners of Huanuni corporation demanded that the GOB send soldiers to the area to confront thieves and restore peace. At that time their demands also included calls for a new mineral treatment plant, but did not include "autonomy" for the company; current demands constitute a rhetorical jump in pressure. At the time of the demand for "militarization" of the area, the GOB responded quickly, setting in motion the required steps for the movement of the soldiers. The miners' current demands and pressure tactics are not receiving as positive a response.

-----  
COMIBOL's Capability in Question  
-----

¶4. (C) The fact that the workers in COMIBOL's largest operation are demanding autonomy from their parent company clearly demonstrates the doubts within the sector as to COMIBOL's ability to manage the mine. This correlates with comments emboff has received from other sources: that COMIBOL is understaffed and overstretched. The draft mining code currently unofficially in circulation would require that all private mining operations in Bolivia sign joint-venture contracts with COMIBOL within a year. At a time when COMIBOL is obviously having difficulties managing its current operations, the wisdom of expanding its influence is questionable.

-----  
Comment  
-----

¶5. (C) As previously reported (reftel and previous), Bolivia's cooperative miners have been very successful in obtaining political concessions from the Morales government, particularly through their use of pressure tactics such as dynamite-throwing protests. The power of state-employed miners in Huanuni has not recently been tested, and although

their tactics are not popular, they may be able to achieve their demands. At a time when executives of the three major U.S. mining companies in Bolivia cannot even arrange meetings with the mining minister, it will be interesting to see if Huanuni's miners manage to meet with Vice President Garcia Linera, as they are demanding. End comment.

GOLDBERG